

ADDENDUM

to an

APPLICATION

for an

Idaho Community Development Block

By

**The City of
Murtaugh**

March 6, 2009

Dee Hunsaker, Mayor

Working to improve the quality of life in our community.

CITY OF MURTAUGH
Murtaugh, Idaho 83344

March 6, 2009

Donald A. Dietrich, Director
Idaho Department of Commerce
P.O. Box 83720
Boise, ID 83720-0093

RE: CITY OF MURTAUGH APPLICATION FOR ICDBG ASSISTANCE

Dear Mr. Dietrich:

The City of Murtaugh would like to express our sincere appreciation for the invitation to submit an addendum to our Idaho Community Development Block Grant application. This letter, with its attachments, will serve as our addendum and our response to each of the specific items outlined in Lane Packwood's letter of January 20, 2009.

Our community is faced with documented critical need and compliance issues related to our wastewater system. We are under a Consent Order from the Idaho Department of Environmental Quality, thus are being mandated to complete this project. DEQ has documented opinion of critical need and support for this project.

There have been no changes to the proposed project scope, project budget, nor project schedule since the submittal of the original application in November of 2006. The project plans remain exactly as proposed in the original application. All other comments and questions listed by Lane Packwood in his letter and checklist are addressed in detail in the attached pages.

The City of Murtaugh and all residents of this community desperately need ICDBG assistance. Without grant assistance, this project cost is an overwhelming burden on the residents of Murtaugh, 63% of which are low to moderate income.

We will also pursue Economic Stimulus funds. This has been discussed with Pat Madarieta, because this could mean a change in where our matching funds come from. Since that is a completely unknown factor at this time, Mr. Madarieta has advised us to submit the addendum as-is, and if Stimulus funds are made available to the City we will adjust things as necessary.

Our community's residents cannot afford this project without grant assistance. This project must be constructed or we will not be in compliance with State regulations, and would be unable to provide a wastewater system that meets State requirements.

Your consideration of our request for ICDBG assistance is sincerely appreciated.

Sincerely,

Original letter, with signature is
being submitted with hard copy

Dee Hunsaker, Mayor

City of Murtaugh
Idaho Community Development Block Grant Application

Addendum

March 6, 2009

- ☐ **Cover Letter** (*precedes this checklist*)
- ☐ **Application Information Page:** Attached. No changes since original ICDBG application was submitted last November.
- ☐ **Budget Page:** Attached. No changes since original ICDBG application was submitted last November.
- ☐ **EAC Briefing Page:** Attached. No changes since original ICDBG application was submitted last November.
- ☐ **Detailed Cost Analysis Page:** Attached. No changes since original ICDBG application was submitted last November. A letter from the project engineers, also attached, addresses the issue of construction contingency amount.
- ☐ **Project Schedule Page:** **Re-examine project schedule to ensure all actions, permits, winter shutdown, acquisition & reviews have been determined and scheduled:** Attached. No changes since original ICDBG application was submitted last November. The City Engineer has re-examined the schedule. His letter, attached, confirms the fact that the schedule is still valid and that these items have been considered.
- ☐ **Design Professional Cost Estimate:** Attached. No changes since original ICDBG application was submitted last November. Cost estimates were reviewed again by the Project Engineer to ensure they are current and are still the most accurate estimates possible. They are stamped, signed and dated 3/4/09 by the City Engineer to document his recent review.
- ☐ **Provide written evidence of the community's ability to secure match committed to project:** A letter from USDA RD was included with the original application submitted last November. An updated letter from that agency is attached to this addendum, reconfirming their intent to fund this project and availability of funds. Documentation of passage of the bond election was included in the November application.

☐ **Provide documentation of clear title & value of any property that has been purchased:** No property is needed for completion of this project. All work will be done on property that is already owned by the City, or in existing right of ways. This was documented by the City Engineer in the original application submitted last November.

☐ **Provide pro forma or underwriting assessment by lending agency regarding rate structure.** The revised rate structure was based on a rate study completed by J-U-B Engineers. That rate study was approved by USDA RD, as shown in the attached letter.

- Rates were increased from \$15.00 to \$48.94 on January 1st of this year. Once the interest rate is locked in with USDA RD, the rate will again be adjusted if necessary. It is anticipated that possible Stimulus funds could provide a lower interest rate. A copy of the rate study along with USDA approval is attached.
- The Project Engineer shows in his attached letter, what the rate will be with and without ICDBG funding. For the average residence in Murtaugh, the rate would be \$48.94 with ICDBG funding, and would range from approximately \$60.66 up to \$80.20 without ICDBG funding.

☐ **Fair Housing Resolution:** The City's Fair Housing Resolution was adopted in 1991. It was published most recently on February 12, 2009. A copy of the publication is attached.

☐ **Project scope:** There have been no changes to the project's scope of work from the original application. The Engineer's attached letter confirms this.

☐ **Answer the questions and provide documentation to the following questions as requested in Addendum invitation cover letter:**

- **Written approval of the facility plan by IDEQ:** IDEQ is in the process of approving the facility plan. Greg Misbach has contacted Susan Riddle, our grant writer, and verbally stated that the facility study looks good, and he is ready to put his stamp of approval on the facility study as soon as the EID review is complete. The EID has been submitted to IDEQ and they are in the process of reviewing that. Mr. Misbach also stated that IDC staff would be welcome to call him for confirmation of this, or if there are any concerns in this regard.
- **Written approval of the sewer rate structure by USDA/RD:** As mentioned above, RD approval of the user rate study and rate structure is attached.
- **The project engineer will need to justify why engineering fees are 20% of the construction line item:** Attached. The attached letter from the project engineer addresses this concern.

City of Murtaugh
Idaho Community Development Block Grant Application

Addendum Attachments

1. Application Information Page
2. EAC Briefing Page
3. Budget Page
4. Detailed Cost Analysis Page
5. Project Schedule Page
6. Design Professional Cost Estimates
7. Letter from USDA RD documenting ability to secure match
8. Letter from USDA RD documenting approval of rate structure and rate study
9. Fair Housing Resolution Publication
10. Letter from Project Engineer, providing detailed information regarding all checklist items, as well as addressing specific items noted in the addendum invitation cover letter.

ICDBG Application Information Form

Applicant: City of Murtaugh Chief Elected Official: Dee Hunsaker, Mayor

Address: P.O. Box 157; Murtaugh, ID 83344 Phone: 208-432-6693

Application Prepared by: Susan Riddle, P.C.E.D. Phone: 208-736-7056

Address: 728 Cypress Way; Twin Falls, ID 83301

Engineer: J-U-B Engineers, Inc. Phone: 208-733-2414

Address: 115 Northstar Avenue, Twin Falls ID 83301

National Objective

- ☒ **LMI Area** ☐ LMI Clientele
☐ LMI Jobs ☐ Slum & Blight
☐ Imminent Threat

Project Type

- ☒ **Public Facility/Housing** ☐ Community Center
☐ Economic Development ☐ Senior Center
☐ Imminent Threat ☐ Other

Project Population to Benefit (Persons):

Total # to Benefit: 225

% LMI to Benefit: 63 %

Total # LMI to Benefit: 141

% Minority Population: 9.4 %

Project Description: This project includes the installation of two lagoon aerators, extension of 3-phase power to the treatment plant site, construction of a third RI Basin, construction of a duplex submersible pump station and 3 inch pressure main to deliver effluent from the lagoons to the new RI basin, installation of an ultrasonic level sensor and recorder on the inlet flume, installation of a manual coarse bar rack, miscellaneous site piping and site fencing.

SOURCE	AMOUNT	DATE APPLICATION SUBMITTED	RESERVED/ CONDITIONAL AWARD	FUNDS COMMITTED/ CONTRACT AWARD DATE	DOCUMENTS IN APPENDIX ***
ICDBG	235,300				
Local Cash	6,000			Committed	N/A
RD Grant	143,400		PENDING	PENDING	EXHIBIT A
RD Loan*	424,250		PENDING	PENDING	EXHIBIT A
TOTAL PROJECT FINANCING	808,950				

* Identify Loan Source: USDA RD

--Date Bond or Necessary & Ordinary Passed: November 4, 2008 -- **EXHIBIT A**

--The application for USDA RD grant and loan funds is in process at this time. USDA RD has documented that they intend to approve funding for this project by February or March of 2009. See **EXHIBIT A** for documentation of that

--City Cash is Committed with the signing of this application.

Economic Advisory Council

NEED: The City of Murtaugh is under a **CONSENT ORDER**, mandating the City come into compliance with rules set by the Idaho Department of Environmental Quality.

- The Consent Order states the City's wastewater system does not meet their Reuse Permit limits for nitrogen and total suspended solids (TSS). It specifies construction of wastewater facility improvements as proposed in this project, is to be completed by April 15, 2010. The City has requested an extension that would allow them to meet the proposed schedule. Further, the project engineer states that the lagoons exceed recommended organic surface loading rates, which can result in reduced treatment and obnoxious odors. There are operational flexibility and redundancy concerns due to the fact that there are only two RI basins. This may lead to reduced treatment performance. With no continuous flow monitoring device, the City is unable to collect critical and accurate flow data necessary for proper operation and maintenance of the system.

PROJECT ADDRESSES NEED: This project will bring the City's wastewater system into compliance with the consent order, while resolving all system deficiencies and needs.

TOTAL COST: The total cost of this project is \$808,950.00 as documented by detailed cost estimates prepared by the project engineers.

LOCAL ABILITY TO FINANCE: The City is committing \$4,500.00 in local cash for grant writing and audit expenses while also committing to an RD loan in the amount of \$424,250.00. Murtaugh residents have passed a bond election, with voters knowing the rates would be increased approximately \$35.00 over what they pay now. The rate increase will enable the City to repay the RD loan. Without grant and low interest loan assistance, the residents of Murtaugh simply can not afford this mandated project. Obviously this project has to proceed, but the residents of Murtaugh need your assistance to help make it affordable. The community is documented at being 63% Low to Moderate Income, so obviously a project of this size is a hardship without grant assistance.

LOCAL EFFORT AND COMMITMENT: The Mayor and City Council members went door to door to every household within City limits and project area to visit personally with all residents. They explained the consent order and why the project must be completed. They further explained details of the bond election and how it would help with funding options. Public meetings were also held. Residents were told passing the bond election meant user fees would be increased to a minimum of \$47.83. Toward the end of this process it was determined that rates would be set at \$48.94. Still, residents understood the need for this project and showed their support by passing bond election. The bond passed with 95.5% voter approval!

LOCAL AND REGIONAL ECONOMIC IMPACT: While under this Consent Order, the City can not recruit any new business or industry. That hurts the local economy, which in turn harms the regional economy. This project would eliminate that problem, thus providing a tremendous beneficial local and regional economic impact.

WHO WILL BENEFIT FROM THE PROJECT: 225 persons live in the project area, 63% of whom are low to moderate income, and all will benefit directly from this project. The primary benefit is a safe and compliant wastewater system. The project also has regional benefits based on the renewed ability to recruit and retain business and industry with a wastewater system that meets compliance standards.

Budget Narrative

This project is being funded by a combination of ICDBG, USDA RD grant and loan funds, and local cash.

The City held a bond election for the amount of \$510,000 on November 4, 2008, and it passed with **95.5% voter approval**. The City is in the process of securing USDA RD loan funds up to that amount, along with the USDA RD grant. That will cover the \$567,650 under the USDA RD budget as shown. A letter from Robert Lanford with USDA RD is attached which documents their ability and intent to provide funding.

The City has committed local cash match in the amount of \$6,000.00. No additional documentation of their match commitment is attached, as the grant writing will be paid for up front as soon as this application is submitted, and the cash for the final audit will be spent, as always, after project closeout. The signing of this application proves commitment.

Idaho Community Development Block Grant Budget Form

Applicant or Grantee: **City of Murtaugh**

Project Name: **Wastewater System Project**

LINE ITEMS	ICDBG Cash	CITY Cash	USDA RD Loan	USDA RD Grant	TOTAL
Planning & Grant Writing		4,500			4,500
Construction	80,000		402,250	132,400	614,650
Project Administration	23,000		22,000		45,000
Engineering	125,800				125,800
Legal / Audit / Publications	6,500	1,500			8,000
Interim Financing Interest				11,000	11,000
TOTAL BUDGET:	235,300	6,000	424,250	143,400	808,950

ICDBG Construction costs are for materials and/or Idaho Power only. No labor will be involved with those costs, thus Davis Bacon rates do not apply.

Cost estimates, stamped and signed by the City Engineer are attached.

Detailed Cost Analysis

1. Have preliminary plans and specs been submitted to regulatory agencies for review? ____ Yes **X** No

If yes, list date submitted: _____

If no, list expected date to be submitted: N/A

Note: The Facility Study has been submitted and commented on by IDEQ. Project will go directly to final design.

2. Has final design (for bidding) begun? ____ Yes **X** No

If yes, % complete: _____%

If no, what is expected start date: May 2009

3. Will project include bid alternatives to meet project budget if necessary?
X Yes ____ No

4. Are Davis Bacon wage rates applicable to the project? ____ Yes **X** No
If yes, are they included in the project costs? ____ Yes ____ No

5. Have known environmental measures been included in project costs? (ex: dust mitigation, archaeological survey, storm water drainage, wetland mitigation etc.)
X Yes ____ No

6. What percent of contingency has been included in project budget? 20%

7. List the last date the owner and design professional discussed project design and details. Date: 2/26/09

8. Design Professional Cost Estimate may be found in **EXHIBIT L**.

Hard copy, with signature, is being via mail, also signed copy attached in Adobe file format

Cost analysis completed by: _____
Mark Holtzen, Project Engineer

Date

Project Schedule

Project Activity	Date (to be) Completed	Documentation in Appendix
Grant Administrator Procured	April 2007	Exhibit F
Engineer/Architect Procured	September 2006	Exhibit M
Other Funding Secured (Bond Election)	November 2008	Exhibit A
Other Funding Secured (RD Grant/Loan)	Prelim Commitment November 2008	Exhibit A
Permits Identified & Secured	Identified Nov. 2008	Exhibit J
Environmental Review Complete	May 2009	
Complete Section 504 Requirements	August 2009	
Complete Fair Housing Requirements	August 2009	
Bids Advertised	October 2009	
Start Construction	December 2009	
Second Public Hearing	April 2010	
Certificate of Substantial Completion	June 2010	
Closeout	July 2010	

*Note: Construction of RI basin can not be completed in frozen ground. Installing aeration equipment in frost conditions could be hazardous. Therefore a winter shutdown is anticipated. (see engineer's project description - **Exhibit J**)*

Name of Professional & Agency Contacts	Firm/Agency	Telephone	Topic
Pat Madarieta	IDC	208-334-2470	Advice & Guidance!
Robert Lanford	USDA RD	208-733-5380	Budget, funding, admin contract
Mike Moore	Bond Counsel	208-331-1800	Bond / Legal
Bill Hollifield	City Attorney	208-734-5610	Legal
Mark Holtzen, P.E.	Project Engineer	208-733-2414	Design and Planning
Susan Riddle, P.C.E.D.	Susan Riddle, P.C.E.D.	208-736-7056	Planning/Grant Writing/ Admin
Greg Misbach, P.E.	DEQ	208-736-2190	Facility Plan Approval, Need
Kevin McClain	Public Works	208-432-6693	Infrastructure Info
John Martin	City Auditor/Accountant	208-737-0844	Audit Requirements
Vonie Adams	City Clerk/Finance	208-432- 6693	ICDBG Requirements



March 4, 2009

**City of Murtaugh
Wastewater Facility Improvements
Opinion of Probable Capital Costs**

Item	Costs
Plant Headworks	\$27,500
Lagoon Aeration	\$61,700
Rapid Infiltration Basins	\$38,500
RI Basin Pump Station & Pressure Main	\$174,600
Site Power	\$88,000
Site Piping	\$60,500
Site Fencing	\$22,000
Sub-Total Construction Costs	\$472,800
Contractor Mobilization/Demobilization, Administration, Bonding	\$47,300
Contingency	\$94,550
Total Construction Costs	\$614,650
Engineering and Construction Management	\$125,800
Grant Preparation/Writing	\$4,500
Funding Administration	\$45,000
Legal and Bonding	\$6,000
Audits, Publications and Miscellaneous	\$2,000
Interim Construction Financing	\$11,000
TOTAL IMPROVEMENTS CAPITAL COSTS	\$808,950

- Notes: 1) Davis Bacon wage rates are not applicable to these cost estimates since no construction will be paid for with ICDBG funds.
- 2) Within each construction item, consideration was given, as applicable, to the following:
- Inflation Costs for Two Years
 - Temporary Controls & Services
 - Traffic Control
 - Contractor Overhead & Profit
 - Anticipated Inflation Costs
 - Surety Bond Premium
 - Plan Check Fees
 - Permits
 - Other Division 1 Requirements
 - Hard Construction Costs (Divisions 2-16)

Hard copy, dated with engineer's stamp and signature, is being submitted with hard copy via mail. Signed/stamped copy also attached to e-mail in Adobe file format



**United States Department of Agriculture
Rural Development**
Western Idaho Area Office

February 24, 2009

Susan Riddle, PCED
728 Cypress Way
Twin Falls, ID 83301

RE: City of Murtaugh - CDBG Application - \$235,300 – Sewer Improvement Project

Dear Susan:

USDA, Rural Development (USDA-RD) is in the process of reviewing the proposed application for \$424,250 in loan assistance and \$143,400 in grant assistance from the City of Murtaugh to bring their sewer system back into compliance. The City passed a revenue bond in November 2008 and is ready to move forward with this critical project. The project will consist of the installation of two lagoon aerators, extension of 3-phase power to the treatment plant site, construction of a third RI Basin, construction of a duplex submersible pump station and 3 inch pressure main to deliver effluent from the lagoons to the new RI basin, installation of an ultrasonic level sensor and recorder on the inlet flume, installation of a manual coarse bar rack, miscellaneous site piping and site fencing.

At this time, it is anticipated that USDA-RD will be in a position to make a final funding approval decision in March or April of 2009. USDA-RD anticipates having the funds available and it is our intent to fund this project, barring unexpected complications.

USDA, Rural Development has been working with the City over the past few years to assist in putting together the proposed project. The City completed a detailed rate study in 2008. The recently adopted City sewer rates will be an average of \$48.94. In 2007, the City updated their sewer system master plan, and is moving ahead as quickly as possible to complete the proposed project. The City realized they have no choice since they are under a Consent Order from the Idaho Department of Environmental Quality.

We await the City Engineer's completion of the Facilities Planning Study, Environmental Information Document and Rate Study to complete our underwriting process prior to our loan approval decision.

The proposed application is strongly supported by USDA, Rural Development.

Respectfully,

Original letter, with signature is
being submitted with hard copy

ROBERT M. LANFORD, Community Programs Specialist

Cc: David A. Flesher, USDA-RD, Boise, ID
Vonie Adams, City Clerk, Murtaugh, ID
Mark Holtzen, PE, JUB Engineers, Inc., Twin Falls, ID

2208 East Chicago, Suite C, Caldwell, ID 83605
Phone: (208) 459-0761 • Fax: (208) 459-0762 • Web: <http://www.rurdev.usda.gov/id>

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To file a complaint of discrimination write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5964 (voice or TDD).



United States Department of Agriculture
Rural Development
Western Idaho Area Office

February 24, 2009

Susan Riddle, PCED
728 Cypress Way
Twin Falls, ID 83301

RE: City of Murtaugh - CDBG Application - \$235,300 – Sewer Improvement Project

Dear Susan:

USDA, Rural Development (USDA-RD) received the JUB Rate Study February 27, 2009. After cursory review we agree with the author's methods, assumptions and conclusions. Note that financing costs may decrease slightly in the current credit market which could reduce rates slightly below \$50/ ERU (equivalent residential unit).

We also received the Facility Planning Study and Environmental Document on February 27, 2009 but have not completed our full review. It appears that the information needed by DEQ and USDA is addressed in the documents.

The proposed application is strongly supported by USDA, Rural Development.

Respectfully,

Original letter, with signature is
being submitted with hard copy

ROBERT M. LANFORD, Community Programs Specialist

Cc: David A. Flesher, USDA-RD, Boise, ID
Vonie Adams, City Clerk, Murtaugh, ID
Mark Holtzen, PE, JUB Engineers, Inc., Twin Falls, ID

Insert here:

Rate Study being
submitted with hard
copy via mail

Insert here:

Rate comparison showing
user fees with and without
ICDBG funds attached to
e-mail submittal in Adobe
file format, also being
submitted in hard copy

Insert here:

Copy of Fair Housing
Resolution being
submitted with hard
copy via mail

Insert here:

Letter from J-U-B
Engineers attached to
e-mail submittal in Adobe
file format, also being
submitted in hard copy

Insert here:

Engineering fee breakdown
provided by J-U-B
Engineers. Attached to
e-mail submittal in Adobe
file format, also being
submitted in hard copy